

TCG CENTREX

ABOUT TCG

Teleport Communications Group (TCG) is the nation's premier competitive local telecommunications provider. TCG's fiber optic network encompasses more than 250 communities from coast to coast, including the metropolitan areas of Baltimore, Boston, Chicago, Dallas, Denver, Detroit, Fort Lauderdale, Hartford, Houston, Indianapolis, Los Angeles, Miami, Milwaukee, New York, Omaha, Phoenix, Pittsburgh, Piscataway, San Diego, San Francisco, Seattle, St. Louis, and West Palm Beach.

For over ten years, TCG has pioneered advances in enhanced local voice, data and image communications. Diversity, quality, reliability, responsive service, advanced technology and comprehensive service offerings - all at competitive rates - good reasons why businesses from coast to coast trust TCG with their vital local telecommunications.

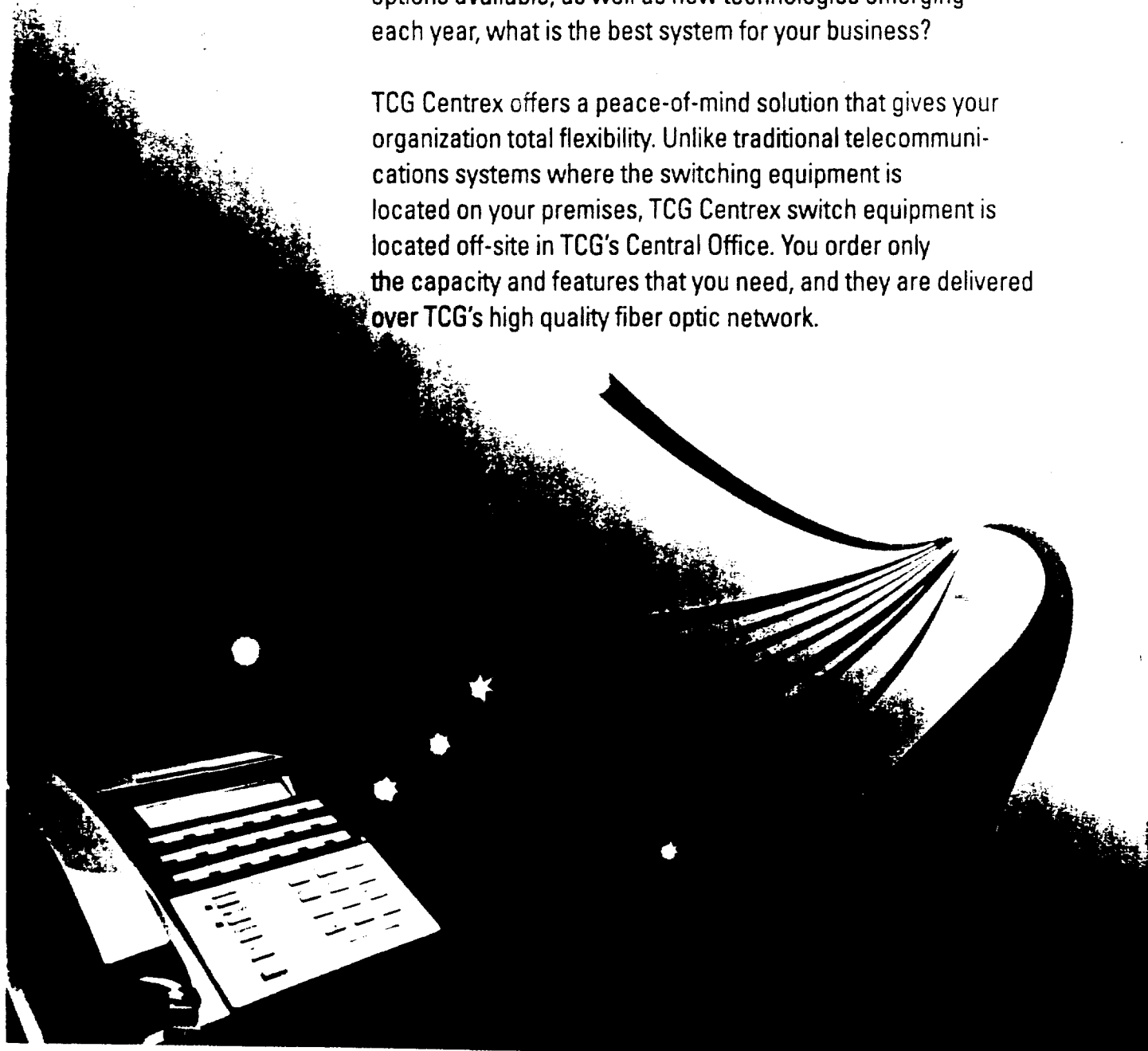


For more information, call us at
1-800-889-4TCG, One Teleport Drive,
Staten Island, NY 10311-1011

Centrex Service from TCG

A Flexible
Telecommunications
Solution For
Your Business

TCG



The vital role that telecommunications plays in your business makes it imperative that your phone system have the reliability, capacity, features and growth capability to meet your business needs today and in the future. But that's not as easy as it sounds. With hundreds of system and feature options available, as well as new technologies emerging each year, what is the best system for your business?

TCG Centrex offers a peace-of-mind solution that gives your organization total flexibility. Unlike traditional telecommunications systems where the switching equipment is located on your premises, TCG Centrex switch equipment is located off-site in TCG's Central Office. You order only the capacity and features that you need, and they are delivered over TCG's high quality fiber optic network.

A Full Menu of Features For Increased Business Efficiency

TCG Centrex Service offers an extensive menu of standard features — all designed to provide additional telecommunications control, flexibility, increased efficiency and cost savings. These include:

Add-On Conferencing — easily add a third party to your call without going through the attendant.

Automatic Identified Outward Dialing — you're automatically provided with an accurate record of all toll calls made by each line. This enables your company to more effectively monitor and control telephone costs.

Call Forwarding, Busy Line — when your calls reach a busy signal, they are automatically forwarded to another line.

Call Forwarding, Don't Answer — after a preselected number of rings, incoming calls can be rerouted to another station. Eliminates endless ringing, no answer and reduces abandoned calls.

Call Pick-Up and Hold — lets you answer a ringing phone in another office by dialing a simple code.

Call Transfer — transfer calls without attendant assistance.

Call Waiting — an audible tone alerts you to a call on your other line. Now you have the choice of putting the original call on hold while you answer the second line.

Centralized Answering — select a station as the centralized answering point for incoming calls to your main number. TCG Centrex also makes it easy to change this station as your business needs change.

Conference Calling — a feature available to individual lines that allows a customer to establish a voice connection between that line and two other lines.

Direct Inward Dialing (DID) — lets callers reach extensions without going through the attendant.

Direct Outward Dialing (DOD) — no more waiting for a free line when you're dialing out. Pick up the phone and dial; DOD finds the line for you.

Intra-Office Communications — save time with direct communications to anyone in the system.

Line Hunting — calls to busy numbers are automatically rerouted to any preselected phone number in the system. Callers won't get busy signals and your business won't miss calls.

Night Connection — you don't need to switch to night service since all lines are connected 24 hours-a-day.

Speed Calling — allows a user to dial selected numbers using fewer digits than normally required. One and two-digit speed calling lists are available.



TCG Centrex Service: How It Works For You

Full Range of Services

TCG Centrex Service includes analog lines, digital voice-only services with multiple line appearances, Basic Rate Interface (ISDN-BRI) lines for voice and data applications and customized billing and reporting. Circuits are provisioned from TCG's high quality switch through our local fiber optic network to a remote switching unit on your premises. We assume total responsibility for switch maintenance, switch UPS (Uninterrupted Power Supply), system upgrades, and new features and functionality.

Easily Accessible Features

Today's most desirable features are available for each telephone in your business. Your employees can dial outgoing calls and receive incoming calls directly at their own desks without going through an attendant. Telephone sets may be either leased or purchased from TCG or the customer's vendor of choice. TCG Centrex

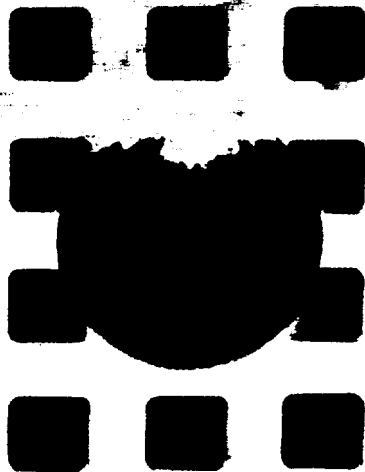
customers may also select voice messaging, customer-controlled Recent Change and Automatic Call Distribution (ACD). In addition, you may purchase DS1 access to the interexchange carriers for the delivery of your long distance traffic or you may utilize 1+ dialing.

Moves, Adds and Changes

With TCG Customer System Administration, moves, adds and changes are easy to make and won't disrupt your business. Customers can move stations from one location to another, take contracted-for Direct Inward Dial (DID) numbers in and out of service, and add or change features on sets.

Cost Effective Upgrade for PBX Users

TCG Centrex offers PBX users an alternative to either expanding or replacing an existing PBX when additional capacity or new services are required. TCG Centrex lines can be added alongside PBX lines and be fully integrated with existing PBX services. TCG Centrex also makes it easier for PBX users to add newer, more advanced services such as Automatic Call Distribution and ISDN without upgrading the PBX.





The Advantages of TCG Centrex Over A PBX

TCG Centrex Service provides significant advantages over owning and operating a PBX:

Cost Effective. TCG Centrex customers do not have to purchase, lease or maintain switching equipment. Therefore, you don't need to pay for additional floor space, commercial power, heating or ventilation to accommodate this equipment. You also do not have to worry about the cost of system upgrades.

Reliable. Only TCG Centrex offers built-in redundancy of switching, processing and networking components for unsurpassed reliability. TCG Centrex Service also offers an uninterrupted power supply and a self-correcting monitoring system.

Flexible. TCG Centrex is completely flexible. Order features when you need them. Quickly add or delete telephone lines as business needs dictate without disrupting staff operations.

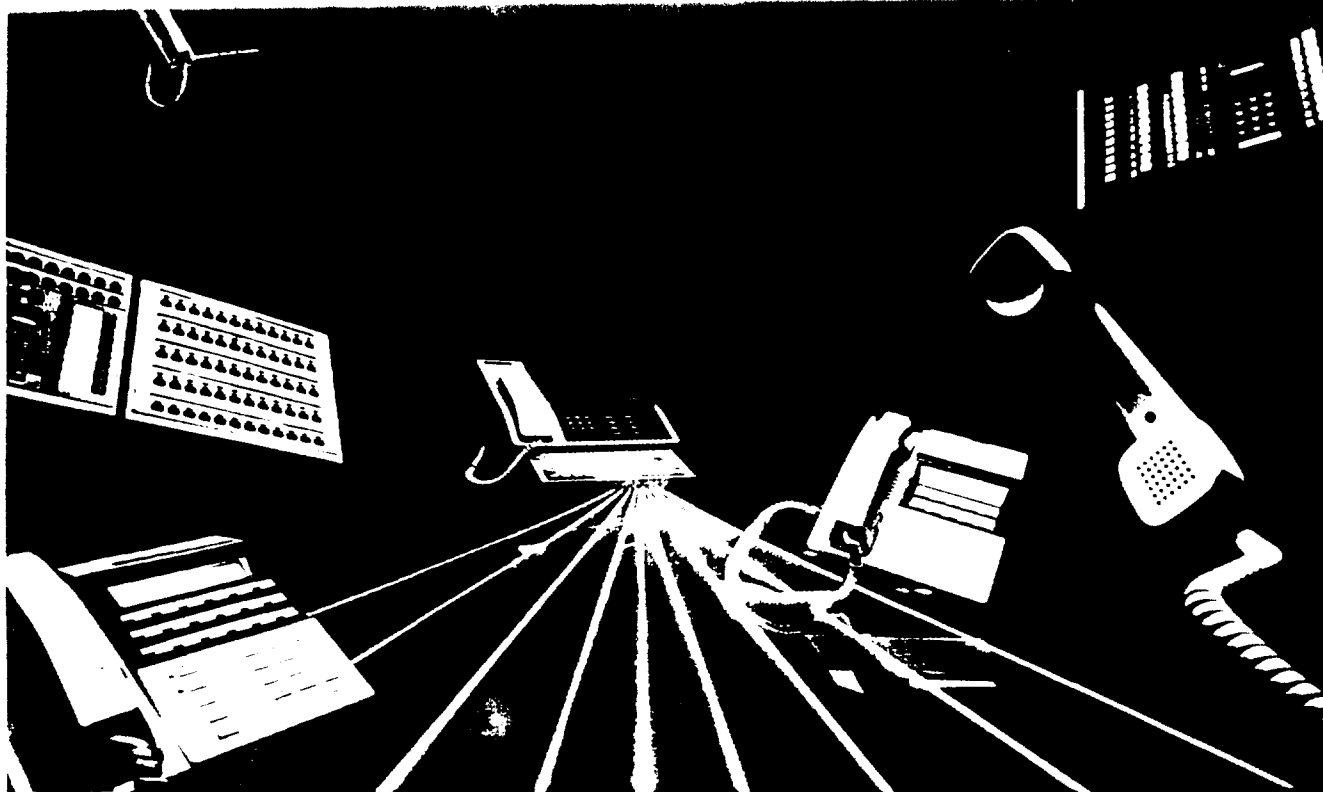
Multiple Site Support. TCG Centrex can support your multiple business locations with a single system.

Expandable Service, On-Demand. As your business expands or your needs change, TCG Centrex will be there with the extra capacity and technological upgrades you need, when you need them.

Worry-Free. Subscribe to the features you want and leave the rest to us. Whether it is system maintenance, moves, adds or changes, new technologies, or added capacity, TCG will handle the telecommunications, so you can focus on your business.

Ready For Tomorrow. Technologies are changing rapidly in the 90's, particularly in the telecommunications industry. By offering leading edge technology, TCG Centrex Service can provide you with the latest software and hardware updates so your system never becomes obsolete.





Reasons For Selecting TCG Centrex Service

By offering significant advantages over PBX systems, TCG Centrex has become a viable communications solution that can be implemented in a variety of ways for any size company.

TCG Centrex can be used

- As your primary telecommunications service
- To supplement your existing PBX system or enhance it with minimal investment
- To replace your existing PBX system or Centrex service
- To provide diversity and protection from catastrophe as primary or back-up service

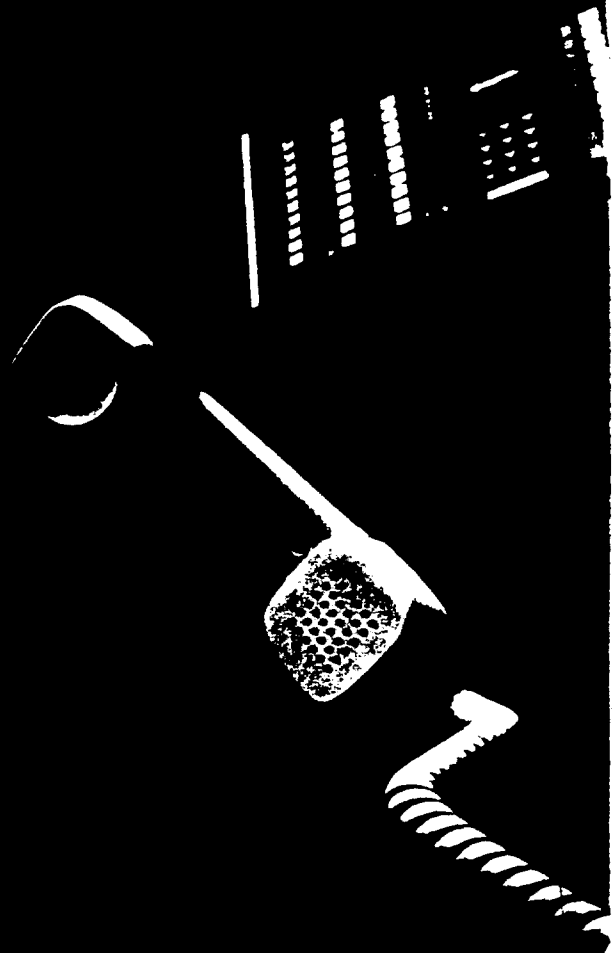
TCG Centrex provides a choice in local services, and also offers significant advantages over the local phone company.

Diversity. With TCG Centrex, you no longer have to depend solely on the local phone company for local services. We give your business critical protection against catastrophic outages.

Network Quality. TCG's all-fiber digital network delivers unsurpassed quality. Day in and day out, TCG operates at less than one errored bit in 100 billion — a remarkable achievement and benchmark for the entire industry. In addition, TCG switches provide state-of-the-art features and reliability.

Network Reliability. Our fully redundant electronics ensure that no single component failure can cause a customer service problem. In addition, our "self healing" backbone fiber optic network in each city is made up of diversely routed cables, so that unexpected cable cuts won't affect service.

Responsive Customer Service. When you need additional features, lines or services, TCG Centrex responds immediately with the caliber of customer service that has made us the nation's leading competitive local telecommunications company.



Getting Started With Telecommunications

You have a growing choice today in telecommunications services. If you currently own a PBX system, you are considering purchasing a new system or upgrading an existing one. To protect your vital telecommunications against disaster, then consider the most reliable alternative — TCG Centrex.

For more information, call us at:

1-800-628-5608

TCG

*Service not available in all cities

**Light Years Ahead
In Local Telecommunications Services**

TCG

**Teleport
Communications
Group**

Light Years Ahead

In Local Telecommunications Services

TCC
Teleport Communicat
T R C U



Switched Services That Meet Your Business Needs



Through our wide range of enhanced local digital telecommunications services, TCG offers flexible solutions that help your business meet its telecommunications needs. TCG services include PBX access trunks and feature-rich voice and data Centrex service — as well as the ability to customize applications to meet your business needs.

TeleXpress™ Service

If your company uses a PBX, you can connect to TCG's switching centers using a TeleXpress DS1 or Fractional DS1 circuits over TCG's fiber optic network. And when you do, you tap into a network designed to handle all the calls you make: TeleXpress Service provides reliable, disaster-resistant local calling capability, as well as access to the long distance carrier of your choice.

TCG Centrex™ Service

TCG Centrex Service includes auxiliary lines, analog lines, digital voice-only services with multiple line appearances, Basic Rate Interface (ISDN-BRI) lines for voice and data applications and customized billing and reporting.

This service offers the features and functions normally found in a PBX. It is designed for customers who do not want to own and operate a PBX; customers with a PBX who need diversity and protection in case of catastrophe; or customers who want to supplement a fully utilized PBX.

For TCG Centrex customers, station equipment (telephone sets) is optional and may be either leased or purchased. TCG Centrex customers may also select voice messaging and customer-controlled Recent Change. In addition, they may purchase DS1 access to the interexchange carriers for the delivery of their long distance traffic, or they may utilize 1+ dialing.

Extended Area Service Regional Calling

Extended Area Service (EAS) is a regional calling plan for PBX users and TCG Centrex subscribers:

Plan I — a volume-based, flat rate for customers with large calling volumes. It is tied to minutes of use, not call destination.

Plan II — a discount plan with distance-sensitive pricing.

Plan III — customers can select a combination of Plans I and II depending on their particular calling needs.

TCG the *other* local phone company.

Products and Services

Please bare with us as we continue to add our extensive list of products and services into this page. To find out about a product or service not listed here, please call us at 1-800-889-4TCG.

The current list of available product fact sheets follows.

If you prefer PDF documents, you can click on the PDF Fact Sheets on the menu and you will be able to download and view them.

Products and Services

[TCG Centrex\(sm\)](#)

[TCG Omnilink\(sm\) Private Line Services](#)

[TCG Omnilink\(sm\) SONET Services](#)

[TCG TeleXpress\(R\) Service](#)

[TCG Voice Mail Services](#)

[TCG Data Services](#)

WHAT'S NEW

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Flexible:

TCG Centrex is completely flexible. Order features when you need them. Quickly add or delete telephone lines as business needs dictate without disrupting staff operations.

Multiple Site Support:

TCG Centrex can support your multiple business locations with a single system.

Expandable Service, On Demand:

As your business expands or your needs change, TCG Centrex will be there with the extra capacity and technological upgrades you need, when you need them.

Worry-Free:

Subscribe to the features you want and leave the rest to us. Whether it is system maintenance, moves, adds or changes, new technologies, or added capacity, TCG Centrex will handle the telecommunications, so you can focus on your business.

Ready For Tomorrow:

Technologies are changing rapidly in the '90s, particularly in the telecommunications industry. By offering leading edge technology, TCG Centrex can provide you with the latest software and hardware updates so your system never becomes obsolete.

REASONS FOR SELECTING TCG CENTREX SERVICE

By offering significant advantages over private PBX systems, TCG Centrex has become a viable communications solution that can be implemented in a variety of ways for any size company.

TCG Centrex can be used:

- As your primary telecommunications system
- To supplement your existing PBX system or enhance it with minimal investment
- To replace your existing PBX system or Centrex Service
- To provide diversity and protection from catastrophe as primary or back-up service.

Diversity:

With TCG Centrex, your business receives critical

TCG the *other* local phone company.

Omnilinksm SONET Services

*Today's transport technology of choice for
Information-Intensive Companies*

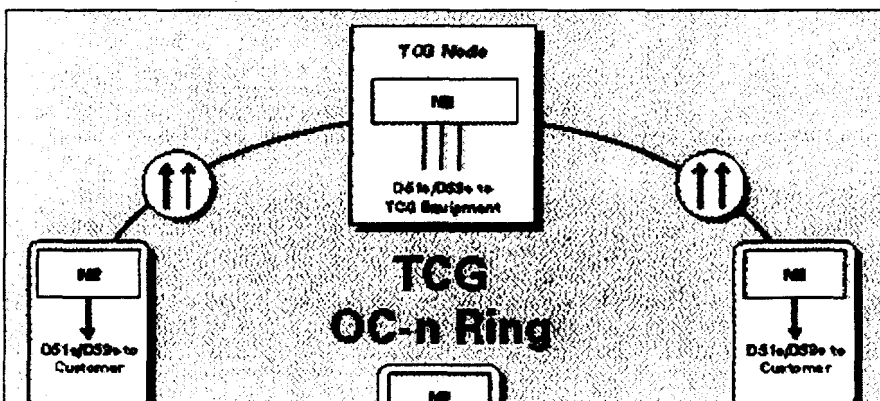
With its promise of increased network survivability, advanced architectures and centralized network monitoring and control capabilities, SONET is the smart choice for today's information-intensive companies. That's why TCG introduced OMNILINK SONET Services, a portfolio that consists of OC-3, OC-12 and OC-48 services, as well as linear OC-3c and OC-12c offerings.

Companies in many industries cannot afford the risk associated with downtime caused by such events as cable cuts and wire center/central office outages. This is why SONET increasingly is becoming their transmission medium of choice for point-to-point and ring architectures.

SONET promises to be the transmission mechanism of choice for tomorrow as well. It not only provides for the transport of existing DS3 and DS1 signals but also lays the foundation for future services as they become available.

SONET-based fiber transport and digital cross-connect systems provide robust architecture, allowing survivable high-speed transmissions on a SONET platform that will evolve with new and emerging technologies. Future upgrades will require only software changes.

OMNILINK SONET Services guarantee automatic restoration of services when a cable fails. Ring benefits include simplicity, flexibility, and fast restoration time. That's why more and more companies choose OMNILINK SONET Services as their best economic alternative to existing point-to-point asynchronous architecture.



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HTML Fact Sheets

TCG Centrex(sm)

Omnilink(sm) Private Line

► Omnilink(sm) SONET

TCG TeleXpress(r)

TCG Voice Mail

TCG Data Services

PDF Fact Sheets

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Teleport Communications Group Company Profile

Technologies was a funding vehicle for the systems, and its staff performed market research, systems planning, and related pre-operational functions.

Under the new name, Teleport Technologies began establishing local telecommunications companies in major metropolitan areas, including Chicago, San Francisco, Los Angeles and Boston. When the company gained operating approval from the Massachusetts Department of Public Utilities, it became Teleport Communications of Boston. It was formed as a partnership between Merrill Lynch and Fidelity Communications, a subsidiary of Fidelity Investments. Merrill Lynch owned 60 percent of the company and Fidelity owned 40 percent. In 1988, Teleport Communications of Boston began construction of its fiber-optic network, and in May 1989, it began providing service to its first customers.

Over the next few years, TCG involved itself in a number of projects and business ventures with the purpose of diversifying the company, expanding its networks, and enlarging its market base. Company milestones were:

- o The provision of full service to Los Angeles and San Francisco in 1990.
- o Acquisition, in 1993, of the Milwaukee-based CAP, Diginet Communications, including networks in Chicago, Milwaukee and Omaha. After the acquisition, TCG completed the Omaha link of the network in a special configuration to handle high-capacity customer and long distance carrier traffic locally.
- o The purchase of Digital Direct of Seattle (DDS), in 1993, acquiring DDS's alternative access network in the Seattle-Puget Sound area of Washington State.
- o In 1993, TCG established joint ventures with a host of cable companies to provide competitive local networks in St. Louis, MO; Providence, RI; AZ; Detroit, MI and Southern FL.
- o The purchase of DFW-Metro Link of Dallas in 1994, which became the basis of a TCG Synchronous Optical Network (SONET) fiber ring. The OC-48 ring, completed during this year, has a self-healing network design and boasts a throughput capacity of 2.4G bps. The network itself accommodates up to 48 DS3 circuits, each operating at a maximum of 45M bps.
- o The formation of a 1994 joint venture with Times Mirror Cable and Tele-Communications to provide local service in Phoenix, AZ.
- o A co-carrier agreement in New York City with NYNEX. The first co-carrier agreement in NYNEX's service area.
- o The license, granted in 1994 by the Nebraska Public Service Commission (NPSC) to provide private line and switched services to the Omaha region.
- o A 1994 venture with Cable & Wireless Communications to test a combined local-long distance service offering. The trial enabled Cable & Wireless' New York-based long distance customers to purchase all of their outbound telephone services, whether interLATA or intraLATA, from a single source.

Today, TCG is owned by four of the nation's largest cable television companies: Cox Communications, Tele-Communications, Comcast, and Continental Cablevision.

Corporate Officers.

Key officers within TCG include:

- o Robert Annunziata, President and CEO.
- o Robert Atkinson, Senior VP of Regulatory & External Affairs.
- o William Baldwin, Senior VP of Human Resources.
- o Howard Bruhnke, Senior VP of Network Systems Technology.
- o Roger Cawley, Director of Public Affairs.

- o Joel Gross, Senior VP of Corporate Development.
- o Al Hansen, Senior VP of National Operations.
- o Curt Hockemeier, Senior VP of Affiliate Services.
- o Marvin L. Lindsey, Senior VP of Engineering and MIS.
- o Robert Mercier, Senior VP of Strategic Alliances.
- o John Scarpati, Senior VP and Chief Financial Officer.
- o Ken Schulman, Senior VP of Technology.
- o Gail Garfield Schwartz, VP of Government Affairs.
- o Merideth Gross, VP and Assistant General Counsel.
- o Manning Lee, VP of Regulatory Affairs.
- o Ed Mulligan, VP of National Consumer Provisioning & GM, NY.
- o Peter Sach, VP of Financial Systems and Planning.

FINANCIALS

TCG is a privately owned company and does not disclose financial information. However, TCG is a solid player in the competitive access and local telecommunication industries and sources indicate that it is one of the few C-LECS to show a profit.

STRATEGY

For the past decade, Teleport Communications Group (TCG) has earned its reputation by providing what was referred to in the past as competitive access service. Since that time, TCG's role has evolved into an alternative local telephone company and now offers local telecommunication services to businesses and long distance carriers in metropolitan areas throughout the United States. The company refers to itself as a competitive local exchange carrier (C-LEC) and operates in 45 markets. Its services are provided over more than 5,000 miles of fiber-optic cable.

As part of this evolution, TCG has aggressively pursued the local switched market in a number of cities throughout the country, marketing itself as "The Other Local Phone Company." To date, regulators have authorized TCG to act as a co-carrier in California, Connecticut, Florida, Illinois, Maryland, Michigan, New York, Pennsylvania, Washington, and Wisconsin. Other applications for switched services are pending.

Although telecommunications remains TCG's primary concern, it has also set its sights on the cable and wireless markets, believing that the convergence of the telecom, wireless, and cable industries will define the future of communications. Although TCG has so far served only businesses, in Arlington Heights, Illinois, TCG is currently testing new technologies that will offer residential phone service over cable-television lines.

Strategic Alliances and Partnerships

Teleport Communications Group has recently concluded and is also currently involved in many projects that expand its customer base through the offering of more services, expansion of its networks, improvement of existing networks, and the development of new technologies better suited to fit the needs of the present-day business associations. Some of the ventures include:

- o A venture in which TCG incorporated WinStar's Wireless Fiber service into its network offerings to extend the capability and reach of its telecommunications network.
- o A sponsored project in which TCG supplied the local network connections that created a worldwide broadband interactive community for hospitalized children.
- o Agreement with the Securities Industry Association (SIA) to

provide customized local telecommunication services for SIA members throughout the country.

Despite the company's expansion into other telecom enterprises, TCG is not turning its back on its competitive access business completely, in fact, TCG continues to build and acquire new networks and expand existing ones, ultimately enabling the company to provide more specialized telecommunication services.

SERVICES

TCG offers a wide array of communications services to businesses in 45 metropolitan areas, serving more than 250 communities throughout the United States. Access services are provided to many long distance interexchange carriers and a variety of corporate clients. Its private line services (DS1 and DS3) are utilized by many of the top financial services companies, as well as several hundred other corporate clients that have opted to utilize an alternative to their local telephone companies for route diversity, additional services, and lower prices.

TCG's private line services include:

- o TCG DS0--Provides for transmission in multiples ranging from 2400 to 64K bps that accommodates the basics: telephones, fax machines, and Pcs.
- o TCG DS1--Typically links customer locations to long distance carriers or other customer locations. Used for voice transmission and LAN interconnection. Provides a transmission rate of 1.544M bps, the equivalent of 24 DS0 channels.
- o TCG DS1E -- Allows customers to accommodate international traffic at a transmission rate of 2.048M bps, the international standard for DS1 transmission.
- o TCG DS2--Provides a standard transmission rate of 6.312M bps, the equivalent of 96 DS0 channels.
- o TCG DS3--Used by long distance carriers for central office connections and to link multiple sites at a transmission rate of 45M bps, the equivalent of 28 DS1 channels.
- o OMNILINK -- A standard Optical Carrier (OC) that supplies OC-3 and OC-12 connectivity for companies requiring enhanced network survivability, advanced network architectures, and centralized network monitoring capabilities.

TCG provides switched services that offer customers local calling capabilities and connections to their interexchange carriers. The switched services are as follows:

- o TCG Centrex -- Offers Centrex service, with ISDN functionality, in which TCG owns, houses, manages and maintains the switch. (See Figure 1).

Figure 1

- o TeleXpress -- Allows customers with their own PBX switches to access TCG's local network and their choice of long distance carrier.
- o Local Calling Service -- Switched services that include operator and directory assistance services and an optional intraLATA toll plan.
- o TCG's Extended Area Service (EAS)--Regional cost-saving calling plan available to TCG Centrex and TCG TeleXpress customers.

TCG also offers Video, Payphone, LAN Data and ATM-based switched data services and they are described below:

- o TCG Video Service -- Supplies point-to-point video channels between two or more locations.
- o TCG Payphone Services -- Provides full service including the phone unit, the inside wiring, switching functionality, maintenance, and customer service to communities in New Jersey and New York.
- o LANLINK -- Used to connect workstations and PC users on one or more Local Area Networks (LANs) as fast as the network's capacity (10M bps for Ethernet LANs, 4 or 16Mbps for Token Ring LANs).
- o ATM Switched Data Services -- Offered over the ATM-based system, Cisco LightStream 2020, which provides LAN and WAN internetworking and accommodates native user-to-network interface (UNI) and network-to-network interface (NNI), Ethernet, Token Ring, FDDI, and frame relay. It operates at a transmission rate of 155M bps and can be used as both a central office and customer premise switch.

Network Description

TCG's diversely routed backbone network, which consists of more than 5,000 route miles of fiber-optic cable, offers the advantages of redundant fiber pairs in every route, automatic switching protection, and electronic redundancy. Collocation of customer equipment at TCG's Points-of-Presences (POPs) is permitted on a custom basis, and TCG is flexible regarding user requests. Figure 2 illustrates the company's network architecture. TCG also operates a state-of-the-art, 24-hour network maintenance center that monitors all TCG networks nationwide and can often detect a circuit problem before a customer notices any disruption in service.

Figure 2

Teleport Communications Group serves the following metropolitan areas:

- o Addison, TX.
- o Ann Arbor, MI.
- o Baltimore, MD.
- o Bellevue, WA.
- o Bellingham, CA.
- o Bergen, NJ.
- o Boca Raton, FL.
- o Boston, MA.
- o Boulder, CO.
- o Branch, TX.
- o Bridgeport, CT.
- o Brockton, MD.
- o Carrollton, TX.
- o Chicago, IL.
- o Danbury, CT.
- o Dallas, TX.
- o Detroit, MI.
- o Denver, CO.
- o Everett, WA.
- o Fall River, RI.
- o Farmers, TX.
- o Flint, MI.

- o Ft Lauderdale, FL.
- o Ft Worth, TX.
- o Gary, IL.
- o Hartford, CT.
- o Houston, TX.
- o Hunterdon, NJ.
- o Irving, TX.
- o Indianapolis, IN.
- o Jersey City, NJ.
- o Kerosha, WI.
- o Lawrence, MA.
- o Long Beach, CA.
- o Longmont, CO.
- o Los Angeles, CA.
- o Meriden, CT.
- o Mesa, AZ.
- o Miami, FL.
- o Middlesex, NJ.
- o Milwaukee, WI.
- o Nassau, NY.
- o New Haven, CT.
- o New London, CT.
- o New York, NY.
- o Newark, NJ.
- o Norwich, CT.
- o Oakland, CA.
- o Omaha, NE.
- o Orange County, CA.
- o Passaic, NJ.
- o Phoenix, AZ.
- o Pittsburgh, PA.
- o Plano, TX.
- o Princeton, NJ.
- o Providence, RI.
- o Racine, WI.
- o Richardson, TX.
- o San Diego, CA.
- o San Francisco, CA.
- o San Jose, CA.
- o Seattle, WA.
- o Somerset, NJ.
- o Suffolk, NY.
- o St Louis, MO.
- o Tacoma, WA.
- o Warwick, RI.
- o Waterbury, CT.
- o Waukesha, WI.
- o West Palm Beach, FL.
- o Worcester, MA.

In addition, Cox Fibernet, an affiliate of TCG, operates local fiber networks in Hampton Roads, VA; Oklahoma City, OK; and New Orleans, LA.

SALES AND MARKETING

TCG's marketing strategy is based on steady expansion and catering to the needs of the particular areas it serves. TCG sells itself as "The Other Local Phone Company" which is willing to do more than the local telephone service provider to win the customer's business. TCG distinguishes itself from the RBOC by claiming better technology, quicker service provisioning, greater flexibility in meeting customer needs, and lower or comparable prices.

TCG's overall sales strategy seems to be to target the

entire business community in the areas that it currently serves with both private line and switched service offerings. TCG offers a high-quality, cost-effective alternative to the local telephone company and typically approaches potential customers with the idea of acquiring not all, but rather 50 percent, of their mission-critical voice and data communications transmissions.

TCG has long-term contracts with most of the interexchange carriers and is often used by the IXC's as an alternative provider of access to their corporate clients. TCG has also been successful in selling directly to corporate clients that have been somewhat dissatisfied with having all of their local traffic handled by the local telephone company.

TCG uses direct and alternative sales channels for its services. Sales representatives are located in TCG's major territories and are managed by a person who is charged with total profit and loss responsibility for the territory, including the sales/marketing cost structure. Sales personnel are also assigned to the IXC's on a nationwide basis to coordinate sales, growth, and installation of new services. TCG can be contacted in the following cities:

Sales Offices

City:	Phone:	Fax:
Corporate:	(718) 355-2000	(718) 355-2147
Baltimore:	(410) 605-0300	(410) 605-0319
Boston:	(617) 476-4760	(617) 476-4770
Chicago:	(312) 419-3040	(312) 419-3031
Dallas:	(214) 774-6000	(214) 922-8855
Denver:	(303) 267-1700	(303) 220-7440
Detroit:	(810) 827-0100	(810) 827-1244
Hartford:	(203) 509-9900	(203) 509-9904
Houston:	(713) 650-7915	(713) 650-7908
North New Jersey:	(908) 981-9060	(908) 981-9101
South New Jersey:	(609) 734-9005	(609) 734-8432
Los Angeles:	(213) 787-0000	(213) 787-0100
Milwaukee:	(414) 290-9800	(414) 290-9857
New York:	(212) 478-8000	(212) 478-4910
Omaha:	(402) 344-7000	(402) 344-4290
Phoenix:	(602) 912-9898	(602) 912-9896
Pittsburgh:	(412) 338-9090	(412) 338-9091
Providence:	(401) 621-8300	(401) 274-9844
San Diego:	(619) 687-3800	(619) 687-3808
San Francisco:	(415) 276-0000	(415) 276-0050

Seattle: (206) 505-0000 (206) 505-0050

South Florida: (954) 491-7373 (954) 491-5812

St Louis: (314) 569-1551 (314) 569-2551

RATE INFORMATION

Traditionally, TCG has been one of the few competitive access providers to downplay its role as a "less expensive" alternative. Instead, it has focused on higher quality and better value for approximately the same rates as the RBOC. Industry observers have noted a recent slight shift in this strategy, however. As multiple CAPs have started operations in TCG's target cities, they are forcing the carrier's prices to become more competitive. Thus, TCG's current pricing strategy is to offer rates that are equal to or slightly lower than those of the RBOC, unless other competitors are present, in which case pricing is on an individual-case basis.

Large IXC and TCG corporate clients may also qualify for a type of "most favored nation" price schedule, which gives high discounts for high volumes of service under a multi-year contract. This pricing strategy appears to be consistent with the strategies used by other CAPs and a growing number of telephone companies.

A new rate plan launched in New York on October 25, 1995 offers businesses the option to pay for telephone calls at a 30 second minimum with subsequent six-second increments. This new rate plan has broken the local call's three-minute minimum barrier, which has been the standard for many years.

2.4 TCG

Teleport Communications Group, Inc.
Staten Island, New York
Robert Annunziata President / CEO
1994 Revenues: \$122 million

SUMMARY

Over the last year, TCG has met or exceeded all expectations in terms of revenues and network expansion. In 1995, TCG significantly expanded the range of services offered by introducing both switched data (ATM) and switched voice services. Its ATM services, while only offered in five cities, represents a significant leap in the range of services. From an industry perspective, few CAPs, except for the leader, MFS, are developing ATM services, making TCG one of the first to offer the service. And because TCG does not operate a long distance network, as MFS does, TCG is in a better position to do business with IXC's as major customers. TCG now is officially considered a "competitive LEC" rather than a CAP.

The company set up four new networks in 1995 and now provides competitive access in 37 cities. Its ability to expand services depends heavily on the regulators and on pending rule-making in Congress. While this is a hurdle for all CAPs, many are aggressively developing relationships with RBOCs in the meantime. TCG is a leader in developing access agreements with RBOCs, and in 1995 closed several agreements, including those with SNET and a number of small carriers in New York. Its negotiations with cable providers in Florida initiated strong opposition by the IXC's, but the outcome is still pending.

In April 1995, TCG introduced a new switched voice pricing structure, becoming the first CAP to offer business pricing based on sub-minute increments. The offering marks an important milestone, since typical RBOC business rates bill on a "per-call" basis, based on an average call length of 3 minutes. If a customer's typical call duration is less than 3 minutes, which can be true for industries such as telemarketing or financial services, the savings can be significant. Some of TCG's customers are ringing up savings of up to about 80% of their monthly phone bills using TCG's lower rates and new pricing structure.

To help finance its rapid expansion over the next few years, TCG issued \$250 million in debt. The issue was oversubscribed and resulted in 17 banks buying bonds.

Mid-year, TCG began providing services to the Sprint Technology Venture (STV). TCG is privately owned by four of the top five U.S. cable companies. These cable companies have joined with Sprint to develop a wide range of local services using cable TV infrastructure to target residences. The venture is performing a large-scale trial in the Chicago area, using TCG's network (and business agreements) to access Ameritech's network to complete intra-LATA calls that are not within the STV network.

CORPORATE STRUCTURE

TCG operates as a single business unit, with all product line management reporting to the Staten Island headquarters. Unlike other CAPs, TCG's systems integration services, private line services, switched voice services, and data services are all handled by the same sales staff. This offers customers true "one-stop shopping." As such, the company does not have any subsidiaries.

TCG is privately owned by four of the top five U.S. cable TV service providers:

TCI	30%
Cox	30%
Comcast	20%
Continental Cablevision	20%

TECHNOLOGY BASE

1994 Demographics:

Capital Expenditures	\$275 million
Network Route Miles	5,000
Fiber Miles	90,000
VGE Customer Circuits	2.4 million
Switching Equipment	AT&T 5ESS NTI DMS 100 ADC/Fibermux Magnum 100 Cisco LightStream

TCG's network continues to be 100% digital and fiber optic. With its total route miles doubling since 1994, the FCC now reports that TCG has the most route miles of all U.S. carriers. Currently, the company's "backbone" consists of about 20 5ESS switches and a few NTI DMS 100s.

Unlike TCG's competitors, TCG installs LANLINK data equipment directly at the user's demarcation point within its own office space, rather than in a common space, usually in the lower level or basement of an office park or building. The use of common space to locate a user network interface is sometimes an unacceptable security risk due to the possibility of unauthorized access to a customer's LAN.

ATM concentrators, on the other hand, are located in common spaces, just like other carriers'. TCG's network is a two-tiered network, with concentrators in the common space of a building and core switches, which act as a "local data backbone" and connect to the top level backbone of 5ESS switches.

NETWORK OPERATIONS

Network Expansion/Acquisitions. Unlike many other CAPs, TCG does not use acquisitions to expand its network. Instead, its expansion will continue to be fiber-based and focused on the deployment of switches. The company feels that building its network from the

- Connecticut
 - Bridgeport
 - Danbury
 - Hartford *
 - New London-Norwich
 - New Haven-Meriden
 - Waterbury
- Florida
 - Fort Lauderdale
 - Miami
 - West Palm Beach-Boca Raton
- Illinois
 - Gary
 - Chicago *
- Indiana
 - Indianapolis
- Maryland
 - Baltimore *
- Massachusetts
 - Boston *
 - Brockton
 - Lawrence
 - Worcester
- Michigan
 - Detroit *
- Missouri
 - St. Louis (includes Chesterfield-Maryland Heights-University City-East St. Louis)
- Nebraska
 - Omaha
- New Jersey
 - Bergen-Passaic
 - Hunterdon
 - Jersey City
 - Middlesex-Somerset
 - Newark
 - Trenton (Princeton)
- New York
 - Nassau-Suffolk
 - New York ***
- Pennsylvania
 - Pittsburgh *
- Rhode Island
 - Providence
- Texas
 - Dallas/Fort Worth (includes Addison-Farmers-Branch-Carrollton-Richardson-Irving-Plano) *
 - Houston *
- Washington
 - Bellingham
 - Seattle-Bellevue-Everett *
 - Tacoma
- Wisconsin
 - Milwaukee *